

ORIGINAL

OPEN MEETING AGENDA ITEM



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KRISTIN K. MAYES  
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DOCKET NO. W-01303A-08-0227

SW-01303A-08-0227

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COMMISSIONER

**EXCEPTION**

EXCEPTIONS OF PORA, SUN CITY WATER DISTRICT

PORA, Sun City West Water District makes the following Exceptions to the Recommended Opinion and Order, (ROO), on Arizona American Water Company's application for a rate increase.

RETURN ON COMMON EQUITY

PORA considers the recommended return on common equity of 9.9% to be excessive under the present financial conditions. (Pg. 45 ROO).

Returns on common equity at the present time for other utility companies that provide services to SCW area are: Pinnacle West: 6.91%. (PNW is the parent company to APS). Southwest Gas Co. 6.0%.

Thus, a return on common equity to Arizona/American Water Co. of 8.0% during the present downturn and the projected recovery time of 3 to 8 years is very reasonable. An 8% return on common equity would yield a weighted average of 6.54% of Cost of Capital, (pg. 45 ROO). With a cost of Capital of 6.54%, the Gross Revenue Increase to Sun City West Water District would be \$3,069,023, resulting in an increase of \$11.07 on the average water user's monthly bill.

Arizona Corporation Commission

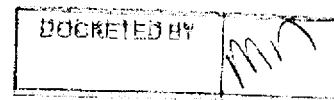
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NOV 12 2009

Carole McHale Hubbs, Intervenor for PORA

*W. C. Hafeman*

By W. C. Hafeman, Representing Carole McHale Hubbs who has moved to California.



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